MT LEGISLATIVE HISTORY

Chapter 528 1985

Bill (H) 317 S _____ Original bill & hist. ✓C

H. Committee on Taxation		S. Committee on Taxation	
Hearing Date(s) JAN 28	✓C	Hearing Date(s) MAR 13	✓C
_____	___C	MAR 21	✓C
_____	___C	MAR 22	✓C
_____	___C	_____	___C
Date Out JAN 28	✓C	_____	___C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

HOUSE BILL NO. 317

INTRODUCED BY M. WILLIAMS

IN THE HOUSE

January 22, 1985	Introduced and referred to Committee on Taxation.
January 28, 1985	Committee recommend bill do pass as amended. Report adopted.
January 29, 1985	Bill printed and placed on members' desks.
January 31, 1985	Second reading, do pass.
	Considered correctly engrossed.
February 1, 1985	Third reading, passed. Ayes, 95; Noes, 4.
	Transmitted to Senate.

IN THE SENATE

February 6, 1985	Introduced and referred to Committee on Agriculture, Livestock and Irrigation.
February 14, 1985	Committee recommend bill be concurred in. Report adopted.
February 16, 1985	Second reading, pass consideration.
February 18, 1985	Second reading, pass consideration.
	On motion, taken from Committee on Agriculture, Livestock and Irrigation and rereferred to Committee on Taxation. Motion adopted.

March 22, 1985	Committee recommend bill be concurred in as amended. Report adopted.
March 23, 1985	Second reading, concurred in.
March 26, 1985	Third reading, concurred in. Ayes, 49; Noes, 1.
	Returned to House with amendments.

IN THE HOUSE

March 27, 1985	Received from Senate.
April 4, 1985	Second reading, amendments concurred in.
April 5, 1985	Third reading, amendments concurred in.
	Sent to enrolling.
	Reported correctly enrolled.

HOUSE BILL NO. 317

INTRODUCED BY Williams

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE DEFINITION OF "LIVESTOCK" FOR PURPOSES OF PROPERTY TAXATION; AMENDING SECTION 15-24-901, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-901, MCA, is amended to read:

"15-24-901. Definition. ~~"Livestock"~~ The term "livestock" means cattle, sheep, horses, and ~~mules~~, swine, goats, wild animals confined and raised for profit, exotic animals, and bees, and includes all other animals kept by a person for gain or profit, whether a gain or profit is realized or not. The term does not include cats or dogs."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

INTRODUCED BILL
HB 317

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 317

INTRODUCED BY M. WILLIAMS

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE DEFINITION OF "LIVESTOCK" FOR PURPOSES OF PROPERTY TAXATION; AMENDING SECTION 15-24-901, MCA."

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NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

Montana Legislative Council

SECOND READING
HB 317

HOUSE BILL NO. 317

INTRODUCED BY M. WILLIAMS

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE DEFINITION OF "LIVESTOCK" FOR PURPOSES OF PROPERTY TAXATION; AMENDING SECTION 15-24-901, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-901, MCA, is amended to read:

"15-24-901. Definition. ~~"Livestock"~~ The term "livestock" means cattle, sheep, horses, and mules~~,~~, swine, goats, ~~wild--animals-confined-and-raised-for-profit,~~ exotic animals, and bees, and includes all other animals kept by a person for gain or profit, whether a gain or profit is realized or not. ~~The-term-does-not-include-cats-or-dogs.~~"

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

THIRD READING

HB 317

SENATE STANDING COMMITTEE REPORT

March 22, 1985

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 317

third reading copy (blue color)

(Senator Eck)

CLARIFYING THE DEFINITION OF LIVESTOCK FOR PROPERTY TAX PURPOSES

Respectfully report as follows: That House Bill No. 317

be amended as follows:

1. Title, line 6.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS 15-1-101, 15-6-136, 15-6-207, AND"

2. Page 1, line 9.
Following: line 8
Insert: "Section 1. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. ~~(1) When~~ Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, ~~swine,~~ poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(continued)

~~XXXXXX~~

~~XXXXXXXXX~~

VET

continued

Chairman.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(f) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(g) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

~~(g)~~ (h) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

~~(h)~~ (i) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

~~(i)~~ (j) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

~~(j)~~ (k) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~(k)~~ (l) The term "real estate" includes:

(continued)

continued VET

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(k)~~ (m) The term "taxable value" means the percentage of market or assessed value as provided for in 15-6-131 through 15-6-140.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 2. Section 15-6-136, MCA, is amended to read:

"15-6-136. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock ~~and~~, poultry, bees, and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit and the unprocessed products of ~~both~~ such animals and wildlife;

(b) all unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer;

(c) items of personal property intended for lease in the ordinary course of business provided each item of personal property satisfies all of the following:

(i) the full and true value of the personal property is less than $5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(continued)

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) Class six property is taxed at 4% of its market value."

Section 3. Section 15-6-207, MCA, is amended to read:

"15-6-207. Agricultural exemptions. The following agricultural products are exempt from taxation:

(1) all unprocessed, perishable fruits and vegetables in farm storage and owned by the producer;

(2) all nonperishable unprocessed agricultural products, except livestock, held in possession of the original producer for less than 7 months following harvest; and

(3) except as provided in subsection (4), livestock ~~defined as cattle, sheep, horses, or mules,~~ which have not attained the age of 9 months as of the last day of any month if assessed on the average inventory basis or on March 1 if assessed as provided in 15-24-911(1)(a); and

(4) swine which have not attained the age of 3 months as of January 1.""

Renumber: subsequent sections

3. Page 1, lines 10 through 15.
Following: "Definition." on line 10
Strike: remainder of line 10 through line 15
Insert: "As used in this part, "livestock" includes those animals specified in 15-1-101(g)."

AND AS AMENDED
BE CONCURRED IN

HOUSE BILL NO. 317

INTRODUCED BY M. WILLIAMS

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE DEFINITION OF "LIVESTOCK" FOR PURPOSES OF PROPERTY TAXATION; AMENDING ~~Section~~ SECTIONS 15-1-101, 15-6-136, 15-6-207, AND 15-24-901, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 15-1-101, MCA, IS AMENDED TO READ:

"15-1-101. Definitions. (1) When Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, ~~swine,~~ poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(f) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(g) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

~~(g)~~(h) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power

connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

~~(h)~~(i) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

~~(i)~~(j) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

~~(j)~~(k) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~(k)~~(l) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(l)~~(m) The term "taxable value" means the percentage of market or assessed value as provided for in 15-6-131 through 15-6-140.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

SECTION 2. SECTION 15-6-136, MCA, IS AMENDED TO READ:

"15-6-136. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock and, poultry, bees, and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit, and the unprocessed products of both such animals and wildlife;

(b) all unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer;

(c) items of personal property intended for lease in the ordinary course of business provided each item of

personal property satisfies all of the following:

(i) the full and true value of the personal property is less than $5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) Class six property is taxed at 4% of its market value."

SECTION 3. SECTION 15-6-207, MCA, IS AMENDED TO READ:

"15-6-207. Agricultural exemptions. The following agricultural products are exempt from taxation:

(1) all unprocessed, perishable fruits and vegetables in farm storage and owned by the producer;

(2) all nonperishable unprocessed agricultural products, except livestock, held in possession of the original producer for less than 7 months following harvest; and

(3) except as provided in subsection (4), livestock ~~defined as cattle, sheep, horses, or mules~~ which have not attained the age of 9 months as of the last day of any month if assessed on the average inventory basis or on March 1 if

assessed as provided in 15-24-911(1)(a); and

(4) swine which have not attained the age of 3 months as of January 1."

Section 4. Section 15-24-901, MCA, is amended to read:

"15-24-901. Definition. ~~"Livestock" The term "livestock" means cattle, sheep, horses, and mules, swine, goats, wild animals confined and raised for profit, exotic animals, and bees, and includes all other animals kept by a person for gain or profit, whether a gain or profit is realized or not. The term does not include cats or dogs.~~ AS USED IN THIS PART, "LIVESTOCK" INCLUDES THOSE ANIMALS SPECIFIED IN 15-1-101(1)(G)."

NEW SECTION. Section 5. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

STATUS SHEET

HOUSE TAXATION COMMITTEE

49th Legislature

No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
11	To extend the tax incentive for production of alcohol as component of gasohol	1-22-85	Koehnke	1-29-85	TABLED 2-19-85	
15	To prorate taxes on common elements of a condominium project and common elements serving lots in a residential or commercial project	1-22-85	Rehberg	1-28-85	DO PASS, AS AMENDED	1-30-85
17	To clarify the definition of "livestock" for purposes of property taxation	1-22-85	Williams	1-28-85	DO PASS, AS AMENDED	1-28-85
19	Allowing gasoline distributors to deduct 2% of tax as evaporation allowance	1-22-85	Devlin	1-29-85	RECONSIDERED TABLED 2-4-85 DO NOT PASS, AS AMENDED	~~1-31-85~~
22	To create a 20% surtax on certain property owned by a foreign person	1-22-85	Moore	2-6-85	TABLED 2-8-85	
26	To repeal the existing individual income tax & impose a state income tax based on % of federal	1-22-85	Hannah	2-13-85	TABLED 3-6-85	

Chairman Devlin then closed the hearing on House Bill No. 241.

CONSIDERATION OF HOUSE BILL NO. 317: Representative Mel Williams, District 85, Laurel, appeared before the committee as sponsor of House Bill No. 317. He said that this bill was an act to clarify the definition of "livestock" for purposes of property taxation. He said that what this bill really does is to put into writing what the Department of Revenue is already doing. He said that there is one section he would like to see changed, so he suggested an amendment to the committee. He said that on line 12, the phrase "wild animals confined and raised for profit," should be removed from the bill. He said that it implies to everything written above it, and that is not the case. He said that this bill defines what comes under the definition of livestock.

PROPONENTS: Jesse Munro, the Personal Property Bureau Chief of the Department of Revenue, appeared before the committee in support of House Bill No. 317. He said that they support this bill with the proposed amendment on line 12. He said that they would like to see the words "for profit" removed.

Charles Graveley, representing the Montana County Assessors Association, said that this bill was drafted at the request of the County Assessors Association so that they would have some statuatory authority to do the assessment functions that are required of them by law. He said that this bill would clarify what the authority of the County Assessor is. He urged the committee's support of this bill.

There were no further proponents and no opponents to House Bill No. 317.

QUESTIONS ON HOUSE BILL NO. 317: Representative Switzer asked Representative Williams why pet horses would not be excluded, if pet dogs could be excluded. Mr. Munro answered by stating that they feel that there is a great difference between pet cats and dogs and horses. He said that it would be very difficult for them to go out and determine which horse is a pet and which horse is not. Representative Switzer then asked Mr. Munro if the

little residential tracts around town that have horses in them are considered to have pet horses. Mr. Munro said that according to law, these are not pets.

Representative Iverson wanted to know what they do about a kennel with 300 dogs in it. Mr. Munro said that they are currently taxing racing dogs. Representative Iverson then asked if this new law would then prohibit that. Mr. Munro said he would assume it would do that.

Representative Zabrocki wanted to know why they would not be taxing dogs when some of the show dogs cost more than a cow. Mr. Munro said that under the definition of livestock that was in the statute, the only animals that they could tax would be the ones that asked to be under the category of livestock. He said that they now tax bees because the people came in and asked to be covered under the Livestock Sanitary Board. He said that they picked up the racing dogs because they were being used for income.

Representative Iverson then asked Mr. Munro if they were going to continue to tax racing dogs. Mr. Munro said that they would if the definition was changed.

Representative Patterson asked Representative Williams if they were proposing a tax on wild animals such as deer, elk, and antelope. Representative Williams said that if they were raised in confinement, they would be taxed. The wild animals such as those in game farms are the ones that would be taxed. Representative Patterson asked if this would also apply to privately owned zoos. Representative Williams said that it would.

Representative Asay then asked Mr. Graveley how the groups he represents would feel about excluding dog kennels. Mr. Graveley said that it had been included in the bill by the drafter and he would have no problem with that being stricken. He said he felt that any animal being raised with the expectation of profit should be taxed.

Representative Zabrocki then asked why bees were being taxed. Mr. Graveley said that the bee keepers want to come under the Livestock Sanitary Board, so they are taxed. He said that the people who run honey farms are in the business to make a profit, so they should be taxed.

Department of Revenue suggested to the committee that they talk to Mr. Munro.

There was further committee discussion concerning distinguishing between RV and regular transportation vehicles. It was noted that some handicapped people wanted to license their quadricycles and 3-wheelers so that they would be allowed to drive them down the street.

Representative Asay was also concerned about the licensing of golf carts, and wanted to know how they were currently being taxed. Mr. Wilke of the Department of Revenue, said that they were currently being taxed as personal property. Mr. Munro of the Department of Revenue said that they are taxed from their cost and depreciation. Mr. Munro said that he would estimate that the taxes run about $40-$45 per year.

Representative Sands said that as he understands this bill, it really doesn't deal with the question of whether or not something like a 4-wheeler may be licensed as a car, it is just concerning a fee that is imposed on them. Mr. Munro said that he was correct.

The committee then discussed the fiscal impact of this bill.

Representative Devlin said that he was concerned about the fee system, because it is charged and goes to the state. He said that way it is being taken away from local government, and he did not think that was right. The Chairman was informed by the researcher that the taxes probably would remain in the county as they do with other vehicles.

Representative Ream made a substitute motion that this bill be sent back to the subcommittee. The motion was seconded and carried unanimously.

HOUSE BILL NO. 317: Representative Raney made a motion that House Bill No. 317 DO PASS. Representative Williams said that the researcher had come up with some amendments for this bill. Representative Williams moved to amend the bill. He suggested the following amendments: page 1, line 12, following the word "goats", strike "wild animals confined and raised for profit;" and page 1, line 15, following the word "not", strike the remainder of line 15. Question was called on the amendments, and the motion carried

Question was called on the original DO-PASS motion. The motion carried with the dissenting votes of Representative Switzer, Koehnke, and Devlin.

HOUSE BILL NO. 241: Representative Ream made a motion that House Bill No. 241 DO PASS. Committee discussion followed. Representative Devlin said that he was concerned about the fact that some people are being double taxed when they move their trailer homes. He said that he does not feel that this bill will prevent some counties from doing this.

Representative Ream said he felt that it was equitable to prorate the taxes for the county in which you have the mobile home, and that it why he supports the bill.

Representative Abrams said that he questioned the prorating from one county to another because the taxes vary. He said that he felt that there were a lot of administrative costs involved.

Representative Asay said that he would like to see the taxes being required to be paid in the county in which a person lives,and the remainder in the county to which he moves.

Representative Harrington said that there are 247 trailers in Silver Bow County that pay no taxes, so he was indecisive about this bill.

Representative Gilbert made a substitute motion of DO NOT PASS on House Bill No. 241. More committee discussion followed. A roll call vote was taken on the DO NOT PASS motion. (See roll call vote.) The motion carried 11-9.

HOUSE BILL NO. 26: Representative Switzer made a motion that House Bill No. 26 DO PASS. Representative Switzer explained his support of this legislation. He said that this bill specifically addresses the round house building in Glendive.

Representative Raney made a motion to amend the bill page 2, line 5 after "resolution," add "for each project,". Committee discussion followed concerning this amendment. Question was called on this amendment. The motion carried with the dissenting vote of Representative Sands.

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 28, 19

NAME	PRESENT	ABSENT	EXCUS
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.	X		
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

STANDING COMMITTEE REPORT

January 29, 19 85

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 317

first reading copy (white color)

AN ACT TO CLARIFY THE DEFINITION OF "LIVESTOCK" FOR PURPOSES OF PROPERTY TAXATION:

Respectfully report as follows: That House Bill No. 317
Be amended as follows:

1. Page 1, line 12.
Following: "goats,"
Strike: "wild animal, confined and raised for profit,"

2. Page 1, line 15.
Following: "not."
Strike: The remainder of line 15

And as amended,

DO PASS

Gary Devlin, Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

A 12

VISITORS' REGISTER

TAXATION COMMITTEE

BILL NO. HB 317 DATE January 28, 1985

SPONSOR REPRESENTATIVE WILLIAMS

NAME (please print)	RESIDENCE	SUPPORT	OPP(
[illegible]	Helena - Dept of Revenue	—	
Ted Hidak	" Mine		—
Chris Gravely Revenue	Helena	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT F

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CHAIRMAN--TOWE, TOM
SECRETARY-AAGENES, NANCY
NORMAL SCHEDULE==> SITE: ROOM 413/415 DAYS: M-TU-W-TH-F TIME: 8:00-10:00 A.M.

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES----------	COMMITTEE ACTION----------	REREFERRED TO COMM----	DATE OUT-
HB0177	1/30	2/16	3/20	CONCUR		3/20
REAM, BOB			INCREASED INTEREST ON PROPERTY TAXES PAID BY REDEMPTIONER			
HB0198	4/03	4/12	4/20	CONCUR AS AMENDED		4/20
RAMIREZ, JACK			ALLOWING NO INCREASE IN TAXABLE VALUE IN CLASS 3 OR 4 FROM REAPPRAISAL			
HB0240	4/25	4/25		CONCUR AS AMENDED		4/25
RAMIREZ, JACK			PROPERTY CLASSIFICATION REVISIONS TO COMPLY WITH FED. LAW; REALTY 1 CLASS			
HB0279	2/09	3/12	4/5	CONCUR		4/5
KITSELMAN, LES			RURAL IMPROVEMENT DISTRICTS - TRANSFER OF MONEY TO MAINTENANCE FUND			
HB0315	2/07	3/12	3/27	CONCUR		3/27
REHBERG, DENNIS R.			PRORATE TAXES ON COMMON ELEMENTS OF CONDOS AND SUBDIVISIONS			
HB0317	2/18		3/13, 3/21, 3/22	CONCUR AS AMENDED		3/22
WILLIAMS, J. MELVIN (MEL)			CLARIFYING THE DEFINITION OF LIVESTOCK FOR PROPERTY TAX PURPOSES			
HB0339	2/13	3/13		CONCUR		3/13
RAMIREZ, JACK			TAX INCREMENT FINANCING - AMEND TERMINATION PROVISIONS			
HB0346	2/07	3/13	3/20	CONCUR AS AMENDED		3/20
GILBERT, BOB			ALLOWING REFUND OF TAX ON AUTOMOTIVE FUEL USED IN AIRCRAFT			
HB0373	2/12	3/13		CONCUR		3/13
NATHE, DENNIS G.			DEFINING "ASSESSMENT BOOK"; INCLUDING COMPUTER SYSTEMS IN DEFINITION			
HB0374	4/03	4/15	4/16	CONCUR AS AMENDED	TAXATION	4/16
WALDRON, STEVE			RAISE BEER & WINE TAX TO DOUBLE MONEY FOR ALCOHOLISM PROGRAMS			
HB0374	4/16			CONCUR AS AMENDED		4/16
WALDRON, STEVE			RAISE BEER & WINE TAX TO DOUBLE MONEY FOR ALCOHOLISM PROGRAMS			

explained that the amendments would guarantee a county 90 percent of the amount received under the previous statutory formula during the next bienium.

MOTION: Senator Hirsch moved that SB 455 be amended per Exhibit 6. He said the total impact to 16 counties would be about $250,000, o a total of $5.5 million dispersed.

Senator Neuman clarified how the dollars would be distributed foll fiscal year 1987.

Senator Hager asked if it was possible that there would not be enou money to pay the 90 percent. Mr. Dan Bucks of the Department of Revenue said that was unlikely as their projects were on the conser vative side. He said that for fiscal year 1986 they project $51.3 million from corporate tax revenues, and $55.3 million for FY 87.

Senator Towe said the words "provided sufficient revenues exist" could be added to the amendment. The committee agreed.

Question was called and the motion carried unanimously.

Further amendment was discussed to piggyback Montana to the current federal statute rather than to the federal statute as it is on January 1, 1985, as the bill currently states.

MOTION: Senator Mazurek moved that SB 455 be amended to strike reference to January 1, 1985, thus coupling Montana to the federal law. Senator Mazurek's motion included those amendments appearing in Exhibit 7.

Question was called and the motion carried unanimously.

Senator Towe said that an additional motion would be entertained to clarify effective and applicability dates. Mr. Bucks said that this was necessary to avoid any problems in distribution of the dollars t local governments.

MOTION: Senator Mazurek moved that SB 455 be amended on page 21, line 12 to insert "July 1, 1985". The motion carried unanimously.

MOTION: Senator Mazurek moved that SB 455 do pass as amended. The motion carried unanimously.

CONSIDERATION OF HB 317: Senator Hager asked what areas of taxation the bill referred to. Senator Towe said it covered those things in Class Six. Senator Mazurek pointed out the language that said "kept for gain or profit". Senator Severson said that included everything and Senator Eck said she objected to calling bees "livestock".

Senator Hager said that the Department of Livestock was funded by the livestock industry and he wondered if owners would now have to pay a per head fee for bees and chickens.

Mr. Gregg Groepper of the Department of Revenue said, no. He said this bill clearly puts all these things in Class Six rather than in

Class 10 which would be taxed at a higher rate.

Senator Mazurek asked what was the reason for the bill. Mr. Groeppe said that the bill came in at the request of the elected assessors association to give clear legislative guidance to taxing these thing at the lower Class Six rate rather than the 16 percent Class 10 rate

Mr. Lear was directed to look into proper definition language to be used in the bill.

Chairman Towe adjourned the meeting at 10:03 am.

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 13, 1985

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman			
Senator Severson	✓		
Senator Towe	✓		

CONSIDERATION OF HB 580:

MOTION: Senator Halligan moved that HB 580 be concurred in. Senator Lybeck felt the bill was supportable because the mill would be added only at local option.

Question was called. Senators Hirsch and Goodover voted no, Senators Eck and Hager were excused, all other members voted yes. The motion carried. Senators Halligan and McCallum agreed to carry the bill.

CONSIDERATION OF HB 317: Mr. Jim Lear, committee staff, said that the intent of the bill was to change the definition of livestock to be more neatly defined in the tax code, but that the bill as written takes a wrong approach. He presented Exhibit 3 to the committee as an alternative way of doing that. Mr. Groepper, Department of Revenue, said that the bill was written to insure that livestock in its broad definition be taxed at 4 percent in class six rather than at 16 percent in class 10. After discussion on the amendments the committee agreed to changes which are indicated in the exhibit.

MOTION: Senator Severson moved that HB 317 be amended per Exhibit 3. The motion carried unanimously.

Because of more work needed from the Department of Revenue to complete work on the bill Chairman Towe agreed to hold the bill in committee.

The meeting was adjourned at 10:02 am.

Thomas E. Towe

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 21, 1985 9:15 am

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	9:40		
Senator Mazurek	9:40		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	9:10		
Senator Towe	9:40		

Amend HB 317, third reading copy

1. Title, line 6.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS 15-1-101, 15-6-136, 15-6-207, AND"

Exhibit 3 -- HB 317
March 21, 1985

2. Page 1.
Following: line 8
Insert: "Section 1. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) ~~When~~ Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, ~~cwine~~, poultry, bees, and other species of domestic animals and wildlife in captivity and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

domestication of

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(f) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes

(9) The term "livestock" means cattle, sheep, swine, goats, horses, mules & asses.

(h)

~~(g)~~ The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

~~(h)~~(i) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

~~(i)~~(j) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

~~(j)~~(k) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~(k)~~(l) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(l)~~(m) The term "taxable value" means the percentage of market or assessed value as provided for in 15-6-131 through 15-6-140.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board. "

Section 2. Section 15-6-136, MCA, is amended to read:

"15-6-136. Class six property — description — taxable percentage. (1) Class six property includes:

(a) livestock ~~and~~ poultry and the unprocessed products of ~~both~~ such animals and wildlife;

(b) all unprocessed agricultural products on the farm or in storage except all perishable fruits and vegetables in farm storage and owned by the producer;

bees and other species of domestic animals and wildlife raised in domestication or a captive environment

~~for profit~~, except cats, dogs and other household pets not raised for

(c) items of personal property intended for lease in the ordinary course of business provided each item of personal property satisfies all of the following:

(i) the full and true value of the personal property is less than $5,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals wherein no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) Class six property is taxed at 4% of its market value. "

Section 3. Section 15-6-207, MCA, is amended to read:

"**15-6-207. Agricultural exemptions.** The following agricultural products are exempt from taxation:

(1) all unprocessed, perishable fruits and vegetables in farm storage and owned by the producer;

(2) all nonperishable unprocessed agricultural products, except livestock, held in possession of the original producer for less than 7 months following harvest; ~~and~~

except as provided in subsection (4),

(3) livestock~~, defined as cattle, sheep, horses, or mules,~~ which have not attained the age of 9 months as of the last day of any month if assessed on the average inventory basis or on March 1 if assessed as provided in 15-24-911(1)(a)[1]; and swine which have not attained the age of 3 months as of January 1. " "

Renumber: subsequent sections

3. Page 1, lines 10 through 15.
Following: "Definitions." on line 10
Strike: remainder of line 10 through end of line 15
Insert: "As used in this part, "livestock" includes:
(1) those animals specified in 15-1-
(2)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 22, 1985

The fifty-sixth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:05 am in Room 413-415 of the Capitol Building.

ROLL CALL: Senator Brown did not join the committee until 9:15 am. All other members were present at roll call. Senator Brown was excused to carry a bill in a House committee.

CONSIDERATION OF HB 317: Mr. Jim Lear, committee staff, was recognized and told the committee that investigation by the Department of Revenue discovered that no additional amendment to HB 317 was necessary.

MOTION: Senator Mazurek moved that HB 317 be concurred in as amende The motion carried unanimously. Senator Eck volunteered to carry the bill on the Senate floor.

CONSIDERATION OF HB 493, HB 494 and HB 495: Representative Jack Ramirez was recognized as chief sponsor of this package of bills. He said that the first was a constitutional amendment to allow this use of coal tax trust fund money; the second is a referendum that contains enabling legislation; the third is a bonding program to implement the first two. Representative Ramirez presented his testimony to the committee in writing (Exhibits 1 and 2).

PROPONENTS

Mr. Bill Olson, executive secretary of the Montana Contractors Association, rose in support of the bill. He said that Montana contractors took an active part in the Governor's Task Force on Infrastructure. He gave the committee a report condensing the information of that task force (Exhibit 3). He also gave the committee Exhibit 4 to support the point that dollars spent in construction generate other economic activity.

Representative Bob Pavlovich said that the bill meant water, sewers, jails and jobs. He said Montana's future economic health was encouraged by this package of bills.

Mr. John Nehring, an economist from MSU, representing himself, said that the 1970 coal tax trust was the most significant legislation of the last decade and that this package would be the most significant of the 1980s. He said that intangible assests should be replaced with tangible ones.

Mr. Dave Goss, Billings Area Chamber of Commerce said that the bill attempts to expand the economic and business base of Montana, indicating that these things are dependent on the infrastructure. He said there are not enough property tax dollars to care for this problem. He urged further economic development by support of these bills.

Mr. Greg Jackson, Urban Coalition, said the money currently being

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date March 22, 1985 9:05

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	9:15		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		